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Message Text

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PAGE 01 SAO PA 01491 201217Z
ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-10 LAB-04
NSAE-00 SIL-01 PA-01 ICAE-00 SSO-00 INRE-00 /039 W
----------060700 201233Z /65
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TO SECSTATE WASHDC IMMEDIATE 8525
INFO AMEMBASSY BRASILIA
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E.0. 11652: N/A
TAGS: ELAB; BR
SUBJ: STRIKE SITUATION IN SAO PAULO AUTOMOBILE INDUSTRY

REF: SAO PAULO 1434

1. SUMMARY: THE SAO PAULO REGIONAL LABOR COURT ON MAY 18 DECLARED ILLEGAL THE METALWORKERS STRIKES IN THE ABD INDUSTRIAL AREA ON THE FRINGES OF SAO PAULO. BY MAY 18 THE WORK STOPPAGES HAD EXTENDED TO ABOUT 25,000 WORKERS AND THREATENED TO INVOLVE ANOTHER 20,000 WORKERS ON MAY 19. THE STATE SECRETARIAT OF LABOR AND AN OFFICIAL AT FORD BOTH TOLD CONGENOFFS THAT IT WAS NOW UP TO THE FEDERAL GOVERNMENT TO ACT TO GIVE THE FIRMS SOME PRICE RELIEF SO THAT SALARY INCREASES COULD BE GRANTED TO THE WORKERS. THE GOVERNMENT MUST ACT QUICKLY IF IT IS TO AVOID HAVING THE STRIKE SPREAD TO OTHER AREAS AND OTHER INDUSTRIES AND IF IT DESIRES TO KEEP THE STRUCK FIRMS OPEN. THIS STRIKE MOVEMENT IS THE LARGEST SINCE THE REVOLUTION BEGAN IN 1964. END SUMMARY.

2. THE SAO PAULO REGIONAL LABOR COURT ON MAY 18 VOTED 15 TO 1 TO DECLARE ILLEGAL THE METALWORKERS STRIKE IN ABC INDUSTRIAL REGION ON THE FRINGES OF SAO PAULO. SEVERAL OF THE JUDGES, HOWEVER, COMPLAINED ABOUT THE RIGIDITY OF THE STRIKE LAW, WHICH LIMITED OFFICIAL USE

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PAGE 02 SAO PA 01491 201217Z

PERMITS LEGAL WORK STOPPAGES ONLY AFTER COMPANIES FALL BEHIND THREE MONTHS IN THEIR WAGES. LABOR MINISTER PRIETO HAD PREVIOUSLY RECOMMENDED THAT THE COURT DECLARE THE WORK STOPPAGES ILLEGAL. THE LAWYER FOR THE SAO BERNARDO METALWORKERS UNION, ALMIR PAZZIANOTTO PINTO, ACCEPTED THAT THE STRIKE WAS ILLEGAL AS CURRENTLY DEFINED IN THE LAW, BUT CHALLENGED THAT THE LAW WAS UNCONSTITUTIONAL, SINCE THE RIGHT TO STRIKE IS GUARANTEED BY

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

THE CONSTITUTION, BUT THE LAW, AS WRITTEN, EFFECTIVELY PROHIBITS IT. THE LABOR COURT RULING ORDERED THE WORKERS BACK TO WORK AS OF MAY 19. THE SAO BERNARDO METALWORKERS UNION ISSUED A STATEMENT THAT THEY WOULD DECIDE WHETHER THEY WOULD RETURN TO WORK OR WHETHER THEY WOULD APPEAL THE DECISION AND CONTINUE ON STRIKE AFTER THE ORDER WAS PUBLISHED IN THE OFFICIAL GAZETTE. FORMALLY, THE DECISION ONLY TAKES EFFECT LEGALLY AFTER IT IS PUBLISHED IN THE OFFICIAL GAZETTE, WHICH COULD TAKE AS LONG AS TEN DAYS.

3. STRIKE SITUATION. THE PRESS REPORTS AND THE STATE SECRETARIAT OF LABOR CONFIRMS THAT ABOUT 25,000 WORKERS ARE EITHER OUT OR ENGAGED IN SITDOWN STRIKES IN THE FOLLOWING FACTORIES: FORD, MERCEDES-BENZ, SCANIA, PERKINS MOTORS, PIRELLI, COFAP, PHILIPS, CIMA, SERMAR, OTIS ELEVATORS AND FABRINI AND ARTEB. THE LAST TWO SUPPLY PARTS EXCLUSIVELY FOR VOLKSWAGEN. THE PRESS AND LABOR SECRETARIAT ALSO ASSERT ATHAT ANOTHER 20,000 WORKERS MAY GO ON STRIKE MAY 19, THE DEADLINE THE UNIONS HAD SET FOR A RESPONSE FROM THE COMPANIES TO THEIR DEMANDS FOR RAISES. THE CHIEF OF CABINET OF THE STATE SECRETARIAT OF LABOR TOLD CONGENOFF THAT THE SITUATION AT VOLKSWAGEN WAS ALSO BECOMING SHAKY. VOLKSWAGEN EMPLOYS 39,000 WORKERS, 27,000 OF THEM AT THE SAO BERNARDO PLANT. THERE ARE ALSO STORIES IN THE PRESS OF THE UNIONS' EFFORTS TO EXTEND THE STRIKE ACTIVITY TO THE SANTOS AREA AND TO THE AUTO PLANTS IN THE SAO JOSE DOS CAMPOS-TAUBATE AREA.

4. THE CHIEF OF CABINET OF THE STATE SECRETARY OF LABOR
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BLAMED THE REGIONAL LABOR DELEGATE, VINICIUS TORRES, FOR PRECIPITATING EVENTS BY PUSHING FOR A QUICK COURT DECISION INSTEAD OF EXTENDING THE PERIOD OF DIRECT NEGOTIATIONS BETWEEN THE FIRMS AND THE WORKERS. HE STATED THAT DISCUSSIONS WERE UNDERWAY WITHIN THE GOVERNMENT TO ALLOW FIRMS TO RAISE PRICES ENOUGH TO PAY OFF THE WORKERS. A DECISION OF THE INTERMINISTERIAL PRICE COUNCIL MUST COME SOON HE SAID, OR THE STRIKE ACTIVITY WILL SURELY SPREAD.

5. INTERNATIONAL SUPPORT FOR THE STRIKE. STRIKING UNIONS HAVE REPORTEDLY RECEIVED SUPPORT FROM THE WEST GERMAN METALWORKERS UNION, IGMETAL, THE SWEDISH METALWORKERS UNION, AND "A LEADER OF THE UNITED AUTO WORKERS" IN THE US. A LOCAL UNION SPOKESMAN SAID THAT THE FOREIGN UNIONS SAID THEY WERE PRESSURING THE HOME COMPANIES -- VOLKSWAGEN, SCANIA AND FORD -- TO GRANT THE WORKERS INCREASES.

6. UNION DEMANDS. THE UNIONS ARE DEMANDING 15-20 PERCENT INCREASE IN WAGES, DEPENDING ON THE COMPANY, PAYMENT FOR THE DAYS OF THE WORK STOPPAGES, AND NO PUNISHMENT FOR HAVING PARTICIPATED IN THE STRIKE.

7. MANAGEMENT VIEW. A FORD OFFICIAL TOLD CONGEN THAT HE

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BELIEVED THAT THE WORKERS WOULD NOT RETURN TO WORK UNTIL THEY WERE GRANTED AN INCREASE. HOWEVER, THE GOVERNMENT HAS INSTRUCTED THE FIRMS NOT TO NEGOTIATE UNDER PRESSURE. FORD HAS URGED THE WORKERS TO RETURN TO WORK ONCE THE LABOR COURT DECISION WAS HANDED DOWN, OFFERING TO PAY THE WORKERS FOR THE DAYS OF THE WORK STOPPAGE AND TO TALK ABOUT AN INCREASE. HE SAID THE WORKERS HAD REFUSED. THE NEXT DECISION FOR FORD IS HOW LONG IT CAN KEEP THE PLANT OPEN, BRINGING WORKERS TO THE PLANT, FEEDING THEM LUNCH, AND TAKING THEM HOME AGAIN, WITHOUT ANY PRODUCTION. FORD FEELS KEENLY THE NEED FOR THE GOVERNMENT TO GRANT SOME PRICE RELIEF SO THE FIRM CAN NEGOTIATE WITH THE WORKERS.

8. THE PRESS REPORTS THAT THE GOVERNMENT HAS CENSURED NEWS ABOUT THE STRIKE ON RADIO AND TELEVISION, ALTHOUGH THERE IS
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PAGE 04 SAO PA 01491 201217Z

EXTENSIVE COVERAGE OF IT IN THE PRESS.
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EO Systematic Review
20 Mar 2014
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